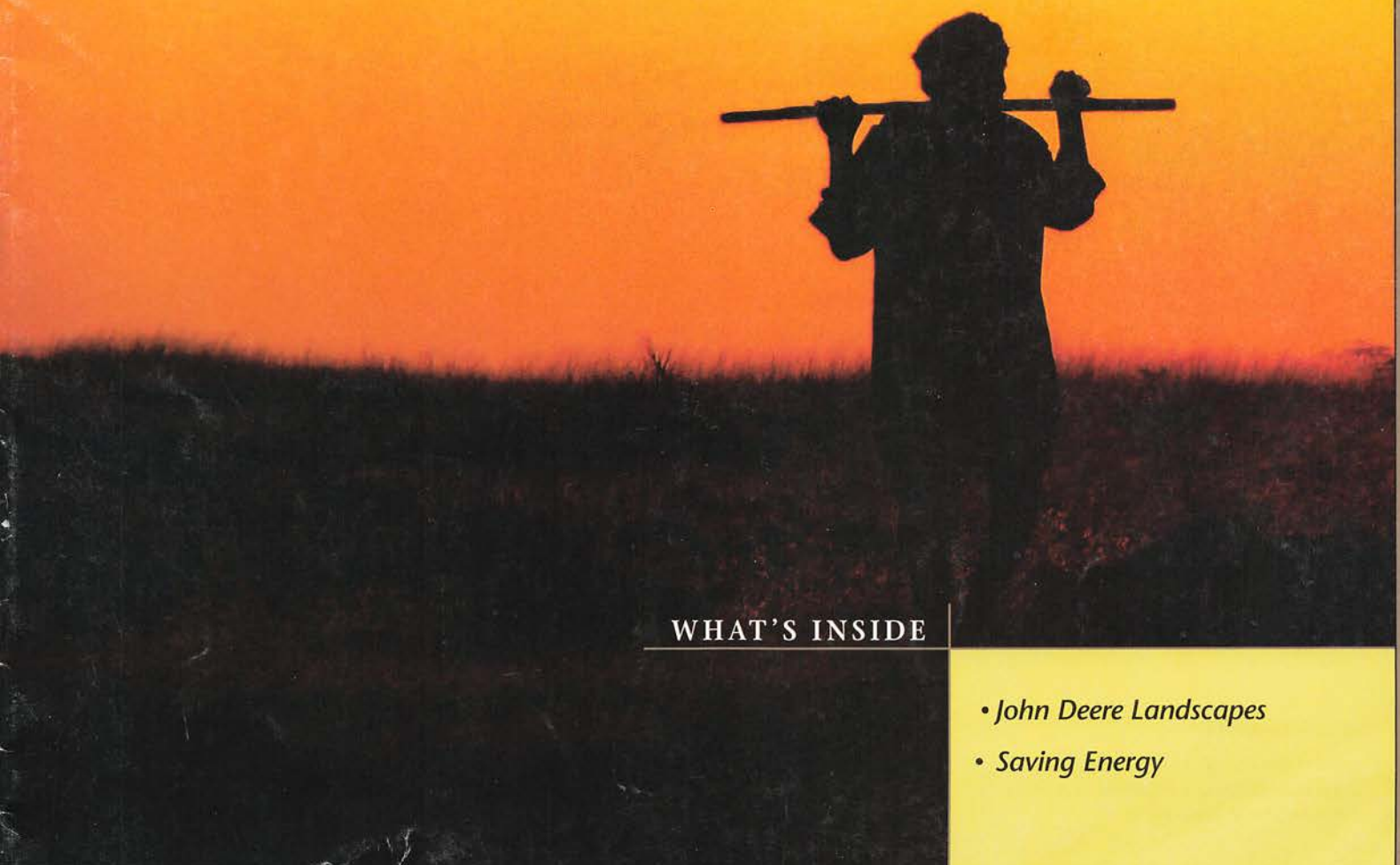
OCTOBER 2007

JOHN DEERE JOURNAL

for JOHN DEERE EMPLOYEES and RETIREES WORLDWIDE

opportunities in
INDIA



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John Deere Journal *is published by Deere & Company Corporate Communications for John Deere Employees and Retirees Worldwide*

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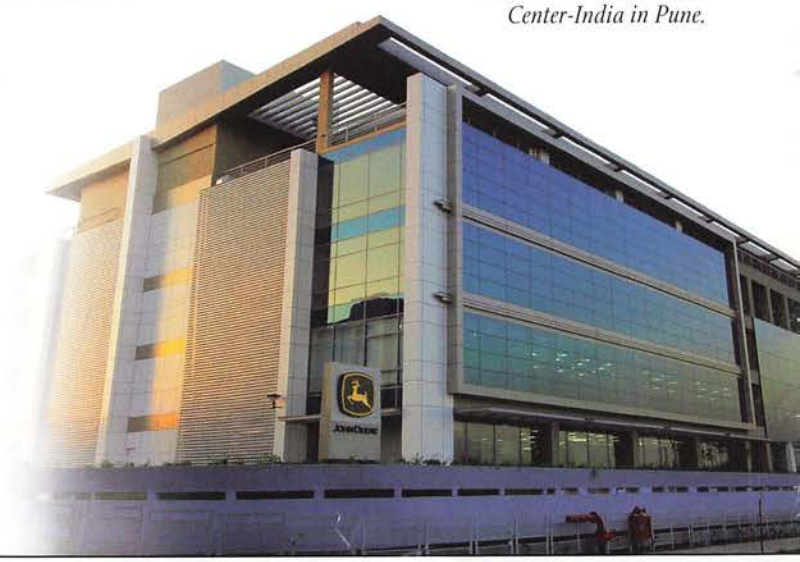

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FeedBack

To the editor:

I wanted to tell you how much I enjoyed the August issue of the *Journal*. I retired from the Engine Works and spent some time in China in the '80s. I never knew just what had happened in China after I retired.

Also, I am presently a tour guide at the Engine Works and enjoy explaining the mistake-proofing system to our customers and visitors. Those who understand what they are seeing are very impressed. Your article does a good job of explaining the process.

Our visitors are also impressed by how we now gage top-dead-center of all six cylinders and the exact flow rate of each injector. This information is programmed into the electronic control unit on each engine.

Keep up the good work.

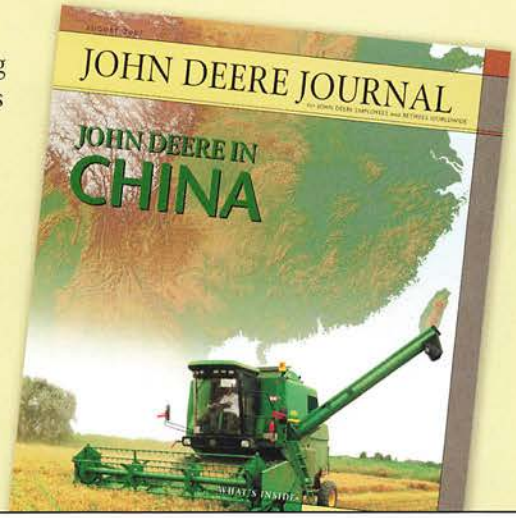
Jim Garrett

Great story about John Deere in China. I found the story very informative. How about some pictures of the Chinese machines?

I am a Columbus Branch retiree. In 1994 I was attending service school at Harvester Works on the new 9000 Series Combines. I heard there was one of the little Chinese rotary combines there for evaluation, but was not allowed to see it.

We ought to have someone write a book about John Deere combines. There is so much colorful history from the beginning to where we are now. It took a lot of years to fine-tune the cutting-threshing-separating process. Deere's market share today is a testament to how well our combines have accomplished this process. The people who know this information are fast slipping away.

Dave Badger
Polk, Ohio



I enjoy reading the *Journal*. I must, however, point out a mistake on page 14 of the August issue.

The bottom two pictures of plows are reversed. The top plow is the reversible plow; the bottom plow is representative of the 2810 and 3710.

Dennis Solbrack
Colfax, Washington

Editor's note: Dennis is correct. Because the final paragraph referred to both plows, we didn't specify to the layout artist in which order they should be shown, but the text does lead readers to expect the reversible plow to be on the bottom. We apologize.

In the August 2007 issue you had an article on "A Quality Tool," which told of the process the Engine Works uses.

When I was reading this article, I thought 'This is the same thing we did at Dubuque Engine Division back in the early 1990s.' In fact, it was in the *Dubuque Works Weekly*, Vol. 7 No. 46 dated December 6, 1993. It is a shame that all the John Deere plants don't share ideas; it would make things a lot easier.

Daniel Farnum
Dubuque, Iowa

I just received my August 2007 copy of the *John Deere Journal* containing the article on John Deere in China.

I was a member of the second delegation to Friendship State Farm in 1978 as a representative from Plow-Planter works. I assisted the workers in setting up the plows, disks, and subsoilers. It would have been nice to see a picture or two from today to compare with the pictures I have from 1978.

Thank you for the article; it certainly brought back memories.

Robert E. McCormick, Jr.
St. Catharine's, Ontario

John Deere aims high in INDIA

At Pune: John Deere Technical Center-India.

At Sanaswadi: John Deere Equipment Private Limited.

With a projected gross domestic product growth rate of 6 percent that is expected to last a few decades, and a potential 47-million labor-force surplus by 2020, India is a critical locale for any company with growth aspirations.

Rule one when building a business in India: Know your auspicious dates.

In Hindu society, all important functions or rituals are conducted after choosing a proper time for them. Auspicious times are determined by the position of the stars, and astrologers are often consulted before scheduling such things as weddings or travel — or buying tractors.

In fact, John Deere Equipment Private Ltd. Vice President Jeff Benge prepares additional marketing materials during the country's many festivals, which are often seen as auspicious and a good time to make large purchases.

"Auspicious" doesn't necessarily mean good for productivity. Community events are scheduled for auspicious times regardless of work schedules. Raj Kalathur, Managing Director of John Deere India, recalls that construction of Deere's Technology Center two years ago was slowed for a week when the crew attended a fellow worker's wedding.

Even so, there are few places more auspicious for growth. With a projected gross domestic product growth rate of 6 percent that is expected to last a few decades, and a potential 47-million labor-force surplus by 2020, India is a critical locale for any company with growth aspirations.

John Deere's first major entry into the country of 1.1 billion people — and the world's largest tractor market — was in 1999 when the company agreed to build a state-of-the-art tractor-manufacturing plant in a joint venture with distributor Larsen & Toubro Limited. Besides the market opportunity, Deere was interested in making a competitive statement. "There were (Indian) companies like Mahindra & Mahindra competing in the U.S. for small tractor customers, and we needed to counter that competition from India by being in India," Kalathur said.

In early 2000, the tractor facility, John Deere Equipment Private Limited, in the village of Sanaswadi in western India, began producing 5000-Series Tractors. Spread across 112 acres, JDEPL is the only John Deere facility where engines, transmissions, and vehicles are manufactured under one roof, and it turns out tractor models ranging from 35 to 74 horsepower.

The company provides bus transportation to and from the factory for some 1,200 employees who work eight-hour shifts six days a week. Among the predominantly male workforce are 35 female employees, up from just five a year ago. Factory capacity began at 30,000 units and is expected to reach 45,000 units this fall.

In a country where it's still common to see water buffalo powering a plow through the reddish-brown soil, the need for mechanization is still modest. Farmers generally have very small landholdings, as little as 3 to 4 acres, and the 30- to 40-horsepower tractor segment accounts for more than half of industry tractor sales in India. These small landholders may also provide contract farming to neighbors and haul agricultural or construction material over the road in order to make their investments in tractors.

For most farm families, a tractor is the only mode of transportation the family has. Benge remembers a customer describing his tractor as a "wage-earning member of the family. To these customers, the tractor is more than just a vehicle," Benge says.
(continued on page 6)

John Deere's factory in India is the only one of the company's facilities that assembles engines, transmissions, and complete tractors under one roof.

"They bring a real attachment" to the equipment, he says, citing the case of a customer who stenciled "My Dear" on the body of his small tractor.

All market segments show promise. After some design adjustments to meet the needs of customers in the 40- to 50-horsepower tractor market, Benge is confident of the product line and says the company will concentrate on growing market share in the segment from its current single-digit level. Customers in this category have larger properties, work with more demanding soils, and are more likely to be full-time farmers.

Since entering the Indian tractor market with a 50-plus-horsepower product, Deere has enjoyed a major market share of this smaller, yet growing segment. Applications are mostly agricultural, but an increasing number of customers use the tractors for other work, too. Benge says customers recognize the versatility of this size tractor and are adding dozer blades or loader attachments to lift and move material, a job traditionally done by hand.

Future success in India, Kalathur said, will require improving awareness of John Deere among the country's more than 300 million farmers. In a recent industry survey of farmers who bought tractors between 2002 and 2004, only

The engine line at John Deere's state-of-the-art factory in Sanaswadi, near Pune.

20 percent had heard of the John Deere brand. "People who actually buy our tractors think very well of them; it's just that not very many are aware of our products," Kalathur said. Growing the distribution channel is also necessary, particularly in the northern and eastern parts of the country. "We have about 500 store locations compared with our stronger competitors who have between 1,500 and 2,000 locations. If we don't have the coverage and can't service our machines, no one is going to buy equipment in those areas," he said.

India's future presents great opportunity for Deere, Kalathur said, even as the country works through some challenges, such as improving infrastructure and dealing with limited availability of fresh water. India's growing population will require as much as an additional 50 million metric tons of food production by 2020, according to the country's agricultural policy makers. The growth will have to come from yield improvements. Yields in most crops lag behind world levels, even though the country is the world's leading producer of pulses and second leading producer of rice, sugar cane, and wheat.

As Deere focuses on extending its reach while improving its offerings in the smaller-horsepower tractor market, it is also working to provide Indian farmers a more complete line of implements and attachments. "We want to be viewed in India not as a tractor manufacturer, but as a leader in agriculture whose name is associated with higher productivity and better crops," Benge said.

Brand names are important to consumers in India, and Benge has been impressed with how quickly farmers have become Deere loyalists. "A customer told me the tractor had allowed him to not only farm his own land more efficiently, but to provide services to his neighbors, thus generating the revenue to economically lift his family to a new level." Benge adds that having the tractor made it possible for one of the farmer's sons to prepare to go to engineering college. It's a scene Benge has witnessed throughout India. "We know we've got a better tractor. I think the opportunity to create these types of loyal customers is tremendous."

A Pune tractor at work on a small plot.

the Technical side

"We have some impressively educated and experienced engineers, analysts, and authors who provide value to the customer."

– John Paulson, TCI Operations Manager

An important part of Deere's India operations, and equally critical to the company's success in India, is the John Deere Technology Center-India. Begun as a 35-person operation housed in an apartment complex, TCI now occupies a custom-built five-story office building in the bustling city of Pune, about 35 kilometers from JDEPL. In less than three years, employment at the center has jumped to 900, and TCI now supports all divisions of the company's global business.

TCI provides support in six functional areas — IT applications, engineering services, technical authoring, embedded systems, manufacturing services, and supply management. Roughly half of TCI's employees work in IT applications, providing development in Java™, SAP™, Cobol, and mainframe applications, as well as database services and Web-content management. "What we aspire to do is offer technical turnkey solutions," said John Paulson, the former Phoenix International engineer who oversees TCI as Operations Manager. "When someone needs a tool in some area, we can step in and start to develop requirements."

Because many John Deere units are unfamiliar with TCI, the center goes to extraordinary lengths to safeguard the company's intellectual property. *(continued on page 8)*

The John Deere Technology Center-India in Pune.

The well-appointed conference rooms at John Deere Technology Center-India make teamwork easy.

While all employees at the Technology Center have Internet and John Deere network access on the job, only top managers are issued laptop computers. In other computers, USB ports and CD burners are disabled. "We're trying to restrict equipment that can take significant data outside the building," Paulson said.

Besides common enterprise measures like installing whole-drive encryption, he said, TCI is working toward certification in ISO/IEC 27001, the international information security systems standard adopted by the International Organization for Standardization and the International Electrical Committee. "We protect our IP very well," Paulson said.

The Technology Center concept grew from work the original joint venture did with the Waterloo Product Engineering Center. "Given the success of our work with the Waterloo engineers, we felt comfortable this concept would work in other units," said Raj Kalathur, Managing Director of John Deere India.

The unit's rapid growth is due to the availability of quality talent, Paulson said. "We have some impressively educated and experienced engineers, analysts, and authors who provide value to our Deere units. When our customers are satisfied, they'll bring more work to us."

Getting top talent is not easy. There is fierce competition for local talent as more multinational corporations tap into India's burgeoning pool of engineers — more than 400,000 graduate annually — and IT professionals. In the last year alone in Pune, companies including General Motors, Microsoft, and Volkswagen have opened up plants or engineering centers. "Because of the large numbers of graduates, we're able to focus on the top 10 percent and get the cream of the crop," Paulson said. Deere isn't well-known as an IT employer, and that creates a challenge for recruitment, he said, "but in engineering, it's quite different — we have a premium manufacturing brand name that people want to work for."

Paulson's team has begun an internal marketing effort to point out the unit's advantages to other Deere & Company facilities. The message? TCI offers quality, velocity, and value, Paulson said. "We have available, quality talent, trained both on domain and Deere processes. We work in a time zone where, in some cases, we can complete a project overnight for units in the central United States, and we offer a cost advantage."

Paulson admits it can be a challenge convincing his colleagues outside India to collaborate with TCI. "We need to overcome the desire to have the person you're working with sitting next to you," he said.

With an eye toward supporting John Deere's future employee needs, a formal talent-management plan is underway. "We're going to recruit from almost 45 to 50 campuses this year in India," Kalathur notes, "then narrow our focus to a smaller number of schools with which we'll form deeper relationships." Already, TCI is working with the India Institute of Information Technology, a private school dedicated to postgraduate work, to develop courses that prepare students to work at Deere. The company also plans to recruit mid-career employees, even though in India, with a median age of 25, "mid-career" is often defined as someone with one or two years of experience.

(JAVA is a trademark of Sun Microsystems, Inc. SAP is a trademark of SAP AG.)

The John Deere *experience*

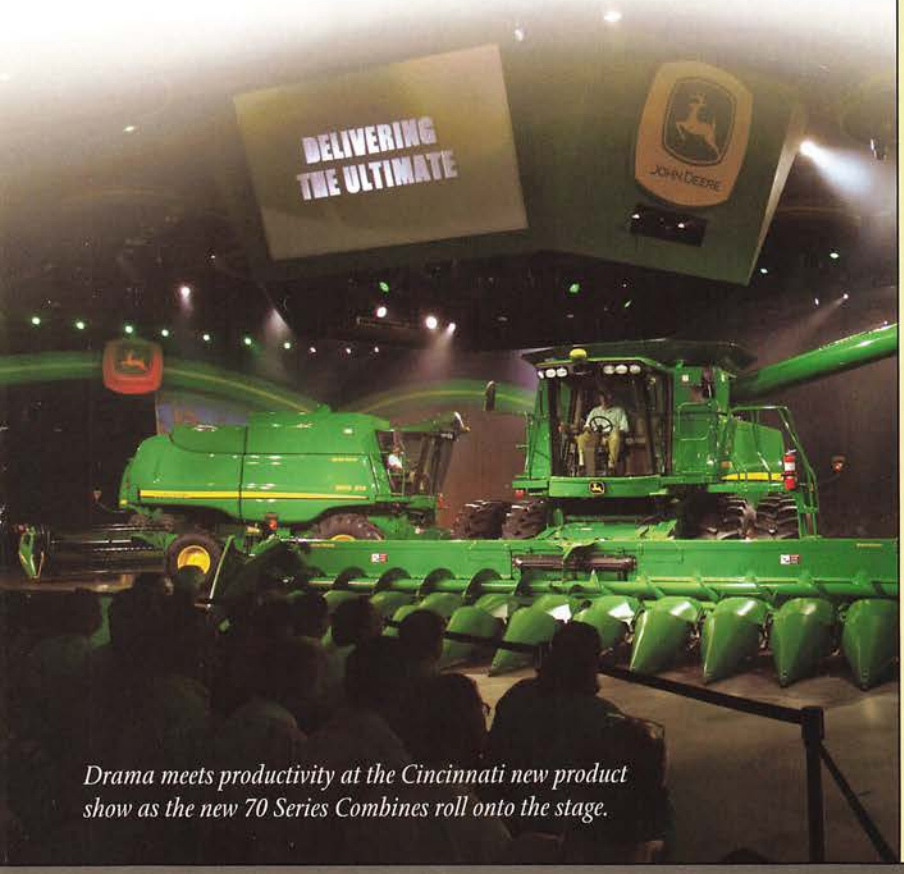
For almost 6,000 dealer representatives from across North America, the John Deere experience in August was a combination of drama, technology, and training. The event was the 2007 Worldwide Agricultural Equipment Division's New Product Launch and Dealer Strategic Partner Meeting in Cincinnati, Ohio, one of the division's biggest launches ever.

Under the theme "Dedicated Leadership," the Ag and Commercial & Consumer divisions rolled out new products and integrated combinations of products that create new ways of improving productivity.

There was the innovative 7760 Cotton Picker, for example, with on-board module-building, a line of commercial Z-Trak mowers, the 70 Series Combine and 600C Series Corn Head, the hard-working 6030 Series and 7030 Series Tractors, new forage harvesters, mower-conditioners, tillage equipment, air seeders, and sprayers.

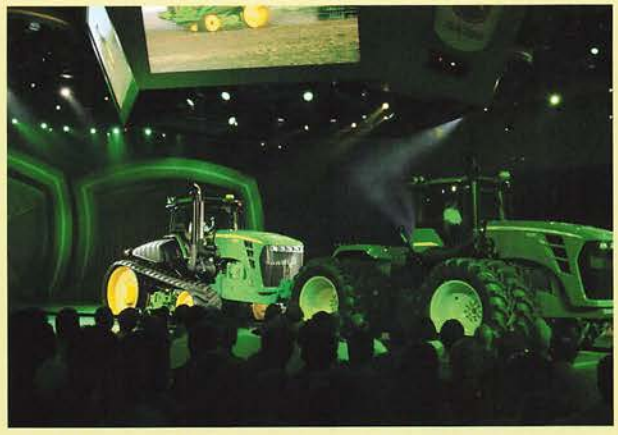
The product launch focused on packaged solutions – implement and attachment options and integrated products designed to work harder together — said Tim Carstens, Manager, Marketing Services.

Besides the product rollouts, dealers attended a strategy session and indoor and outdoor classes to absorb information about new features and improved productivity.



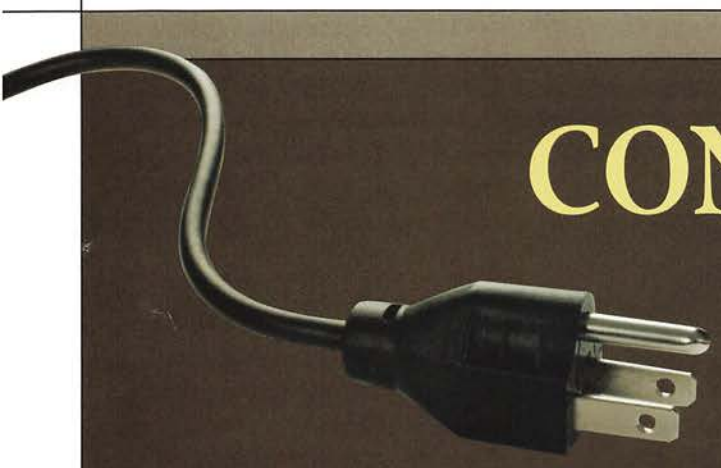
Drama meets productivity at the Cincinnati new product show as the new 70 Series Combines roll onto the stage.

Dealers get hands-on with the new 70 Series Combine and 600C Corn Head.



The big tractors, the new 9030 Series, take the stage.

A Z-Trak makes a dramatic entrance.



CONSERVING ENER

John Deere units routinely look for ways to reduce energy use. Now, with public concern about climate change, they are looking for even more ways to reduce energy consumption.

When managers at John Deere Davenport Works were looking for ways to reduce the plant's electricity consumption, they concluded that lighting in the factory's office area was more than adequate. So they took out half the bulbs in the office's fluorescent fixtures, a move that cut office energy use instantly but did not affect work or efficiency.

John Deere units routinely look for ways to reduce energy use. Now, with public concern about climate change, they are looking for even more ways to reduce energy consumption.

Most of the energy used by John Deere units comes from utility-owned electrical generating plants, which typically use natural gas or coal to produce electricity. When big users like factories reduce energy use, generating stations have to use less fossil fuel to meet the demand for power.

John Deere has always paid attention to its energy use. The company has had an energy-efficiency program since 1972 that requires John Deere operations to implement energy-conservation initiatives and track energy use.

In response to international global-warming concerns, Deere added a worldwide greenhouse gas (GHG) inventory program in 2003. The company's GHG emissions, measured in tons of carbon-dioxide equivalent per ton of production, are a mix of direct and indirect emissions. Direct emissions come from such operations as foundry, heat-treat, painting, powerhouse, and testing. Indirect emissions don't come directly from John Deere operations. They are the result of Deere's demand for electricity. To measure these indirect emissions under the GHG program, John Deere units track their electricity and steam purchases, and from that calculate the emissions released by the utility to provide the unit with that energy.

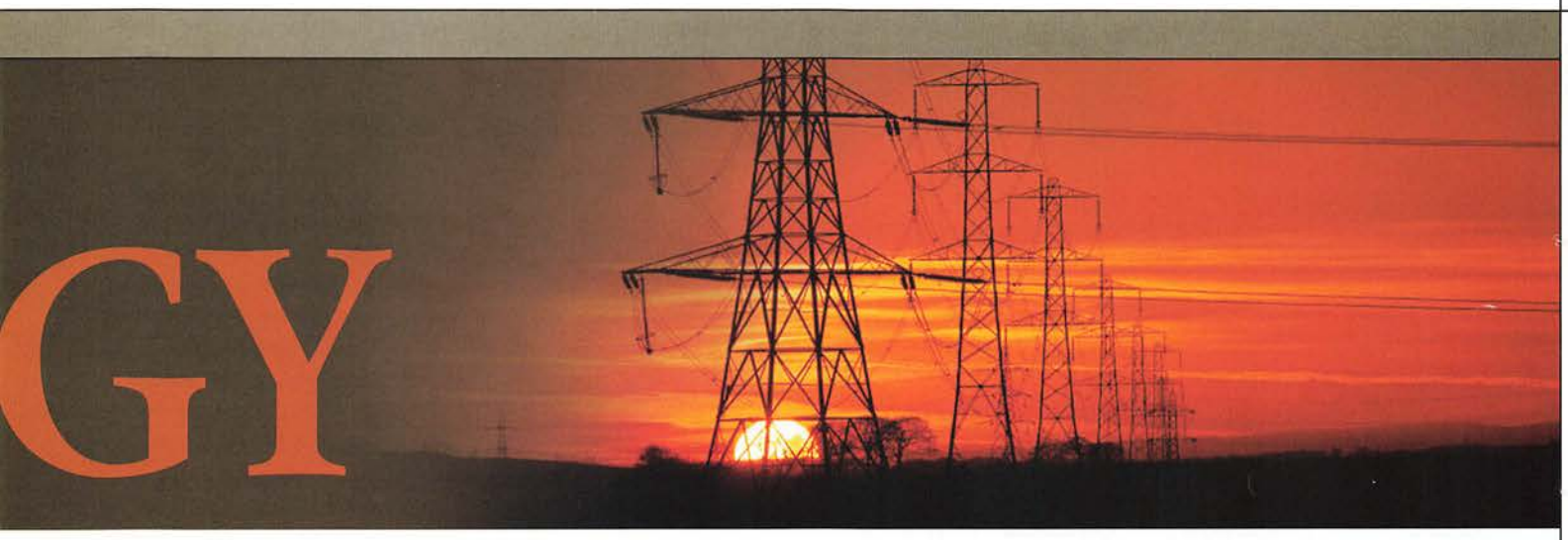
The majority of greenhouse gases emitted because of John Deere operations is carbon dioxide, so reducing GHG emissions means reducing carbon-dioxide emissions, and that means reducing energy consumption.

The trick is finding ways to reduce energy at units where energy conservation has been an operating mandate for decades.

The first step in an energy-savings program is to look for possible changes that don't affect a production unit or office area — things that don't create pain, said Steve Beals, Senior Engineer at Davenport Works.

In addition to removing office lamps, Davenport Works began turning off front lobby lights when the plant is closed, and even shut off lights in vending machines.

"Every energy-savings option is evaluated as to the pros and cons of completing the project," Beals said. "In the case of office



lighting, for example, we first tried it in a sample area to see if it would have any negative consequences." Now Davenport Works is studying a plan to raise thermostat settings in the offices by one degree in the summer and reduce them one degree in the winter to see if the unit can save energy while maintaining a comfortable working environment.

Other energy-savings options aren't quite so simple, and often require investments that must be justified through adequate payback in cost savings from lower energy use. For example, installing a control system to reduce the number of air compressors running at any one time got the green light when Davenport Works was able to show a one-year payback on the project, thanks partly to an energy-efficiency-program incentive offered by power supplier Mid-American Energy, Beals said. A plan to install motion sensors in the factory to control the use of 2,000 high-pressure lamp fixtures with 1,000-watt bulbs is on hold, though, because the payback is longer than desirable, he says.

"We continually look for energy-saving projects and pursue them wherever they exist and whenever they're feasible," Beals said. "Ever-changing technology is helping yield new ideas and ways to save energy."

As Earth warms, GHG reductions take priority

Scientists say the Earth's surface temperature is slowly warming, creating a climate change that could affect weather patterns. Burning fossil fuels such as coal and oil to produce energy can increase the rate of warming, they say, by adding to the atmospheric concentration of heat-trapping greenhouse gases, or GHG.

Although the role of human activity in global warming is still a matter of debate, scientific academies in 11 nations issued a joint statement in 2005 that "the scientific understanding of climate change is now sufficiently clear to justify nations taking prompt actions" to reduce greenhouse gas emissions.

Efforts to reduce emissions include a strategy announced by the United States in 2002 to reduce the greenhouse gas intensity of the American economy by 18 percent by 2012. Greenhouse gas intensity is a measurement of GHG emissions per unit of economic activity.

Meeting the U.S. goal would reduce GHG emissions by 500 million metric tons by 2012, and prevent the annual release of more than 100 million metric tons every year after that.

The European Union launched the European Climate Change Programme in 2000, identifying 42 measures aimed at helping member states reduce their GHG emissions. All of these measures have become law or are in the process of being adopted, according to the European Commission. In 2005 the EU set limits on how much carbon dioxide some 12,000 power plants and factories are allowed to emit per year.

Earlier this year Deere & Company announced it would reduce its GHG emissions partly through participation in the U.S. Environmental Protection Agency's Climate Leaders program, a voluntary industry-government partnership that works with companies to develop long-term comprehensive climate-change strategies and monitor emissions to measure progress.

Under the program, Deere is expected to announce a GHG reduction goal by early next year.

Saving energy by saving air

Sometimes finding ways to save energy means looking in places that are commonly overlooked. Motores John Deere in Torreon, Mexico, found energy savings in air.

"Air is a utility that normally nobody cares about because it cannot be seen or smelled, and does not mess up areas when it is leaking," said Victor Olivas, Plant & Projects Engineer at Motores John Deere. Besides, he said, "People think air is free."

Air may not cost anything, but the energy to compress it to power pneumatic equipment does. Compressed air systems are one of the best opportunities plants have for saving energy, Olivas said. Generating enough compressed air to do one horsepower's worth of work requires eight horsepower of electric energy, making it a very inefficient process, he points out, so any savings in compressed air can mean huge energy savings.

When Motores John Deere opened in 1997 to produce diesel engines, axles, and transaxles, the factory had two air compressors. As operations grew, additional production equipment was installed and compressed-air requirements increased.

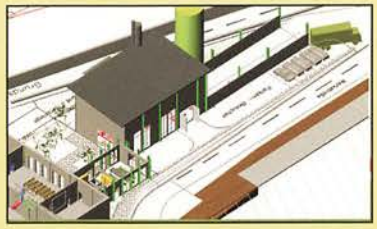
Over time, four additional compressors were added. While the patchwork of compressors and piping worked, it was an inefficient system. Compressed-air storage capacity was limited, so it was difficult to sequence the compressors to work together, Olivas said. While some compressors were loading air, others were unloading, creating what is known as "compressor fight," he said. Plus, the multiple compressors had created a complex system of valves that would often stick, condensation drains that would malfunction, and air dryers that would sometimes freeze condensation and obstruct airflow.

All of which meant air-pressure drops in the system were high, between 10 and 20 pounds per square inch, and, consequently, expensive. Olivas said the cost of losing 10 psi of pressure for a 5,000-cubic-foot-per-minute system is estimated at $57,000 a year.

After analyzing the technical and economic advantages of an upgrade, Torreon installed a new system in 2006 that consolidated six compressors into one, creating enough compressed-air storage to meet demand peaks and substantially boost efficiency.

"The new system provides steady air pressure and dry compressed air, while saving energy, because the compressor is only operating to satisfy air demand," Olivas said.

Creating energy onsite



Biomass boilers planned for John Deere Werke Zweibruecken will burn waste wood and other fuels.

At John Deere Werke Zweibruecken, finding a better way to get rid of some 600 tons of waste wood a year means the factory will reduce its annual greenhouse gas, or GHG, emissions by 3,500 tons.

The German plant plans to install two biomass boilers that will generate energy to heat facilities, air condition offices, and provide process heat for e-coat, painting, and other manufacturing processes, said Klaus Wottke, Manager, Maintenance, Planning & Paint. The factory makes combines and self-propelled forage harvesters.

The project allows Zweibruecken to reduce its direct GHG emissions from 5,100 tons a year to 1,600 tons, a 68-percent reduction.

Zweibruecken's waste wood comes mainly from pallets received with inbound material. The factory will need about 4,700 tons of biomass a year to operate the boilers, so it will use other biomass material, too, such as rape cake, a by-product of the production of rape oil, forest residue, silver grass, and fast-growing trees like cottonwoods to make up the difference.

Two boilers are being installed to accommodate different heat volumes needed throughout the year, Wottke said. During summer months the factory will use a 1.75-megawatt boiler. During winter months they'll fire up a larger 6.3-megawatt boiler or both boilers. The smaller boiler is expected to be in use by the spring of 2008, and both boilers should be up and running by the end of the year. The new biomass boiler house will be built on the side of the marketing training room, so it can be shown to customers and employees, Wottke said.

GROWING AND GROWING:

Landscapes takes another jump

The acquisition of LESCO is helping to keep John Deere Landscapes on a dramatic growth trajectory.

John Deere Landscapes has become a growth machine.

In five years, the John Deere unit has powered its way into the green industry and is now positioned as the leading wholesale distributor of irrigation, nursery, lighting, and landscape materials in the United States.

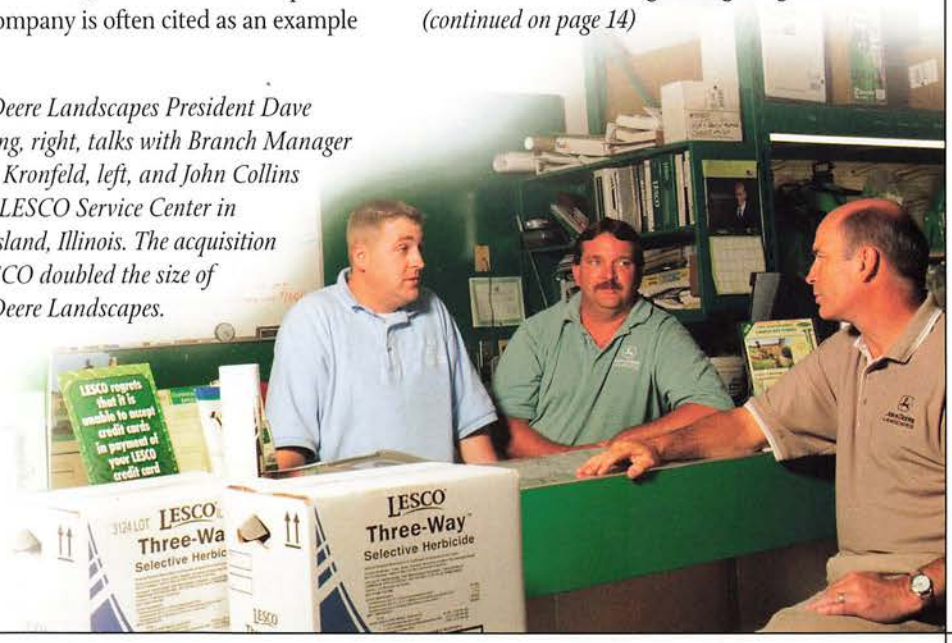
It's a growth story for the records. Created in 2001 by merging the operations of Deere & Company acquisitions McGinnis Farm and Century Rain Aid, John Deere Landscapes grew dramatically in 2005 with the acquisition of United Green Mark.

The business had to earn the right to grow by showing it could integrate those businesses and create shareholder value added, and it has done that, said Dave Werning, Senior Vice President, Customer Segment, and President, John Deere Landscapes. The company is often cited as an example of disciplined shareholder-value-added growth by Deere & Company Chairman and CEO Bob Lane, Werning points out.

The growth continues. Deere's acquisition earlier this year of LESCO, a supplier of turf-care consumables more than doubled the size of John Deere Landscapes, to more than 600 stores in 44 states and 200,000 active customer relationships.

"The core competencies that were developed as a result of the previous integrations gave senior management and the board of directors the confidence to approve the acquisition of LESCO," said Werning.

The integration of John Deere Landscapes and LESCO has been underway since the deal was finalized in May. John Deere Landscapes field staff and LESCO branch staff have been meeting and figuring out *(continued on page 14)*

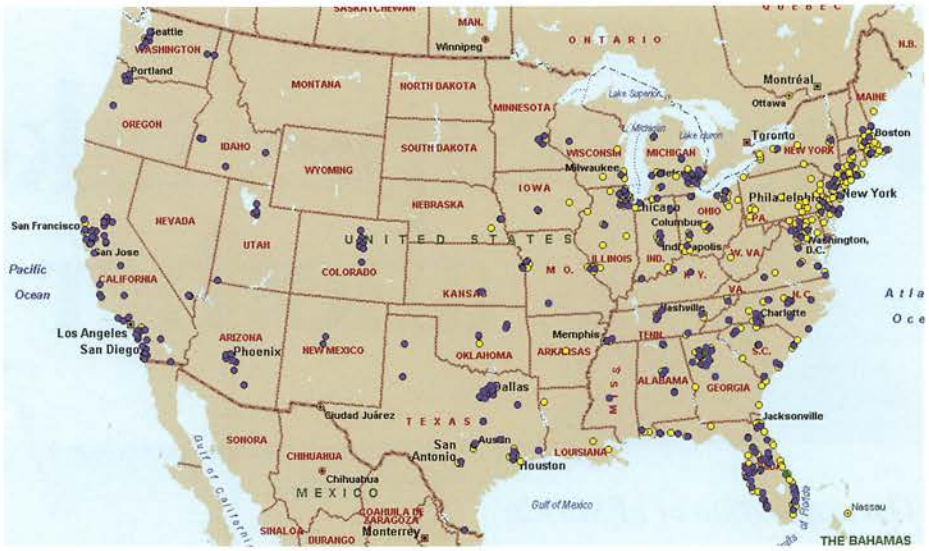


John Deere Landscapes President Dave Werning, right, talks with Branch Manager Adam Kronfeld, left, and John Collins at the LESCO Service Center in Rock Island, Illinois. The acquisition of LESCO doubled the size of John Deere Landscapes.

how to work together, even as LESCO continues to operate as an independent business. (The name comes from the company's early beginnings as Lakeshore Equipment and Supply Company.)

Key to the integration is bringing John Deere Landscapes and LESCO together under one operating system and one integrated organizational structure — a chore Werning's team aims to complete this fall. The 11 regions that currently make up the John Deere Landscapes organization will increase to accommodate the additional 300-plus LESCO store locations. Werning said John Deere Landscapes will add to the staff at the two headquarter locations, Alpharetta, Georgia, and Troy, Michigan. Some of those additional positions will be filled by LESCO employees. "We'll set up a satellite Cleveland office to accommodate some areas of expertise that we don't want to lose and that we don't want to disrupt with relocations," said Werning.

Some branding will also be changed this fall. The plan is to convert the LESCO store names and signage to John Deere Landscapes. The company will keep the LESCO name on products such as the grass seed and fertilizer that the stores sell, though. Having another brand name in the house isn't a problem for John Deere Landscapes. It has always been a store-front business with a commitment to service, Werning points out, so it sells other products not branded John Deere.



Yellow dots are LESCO locations; blue dots are John Deere Landscapes locations.

The company sells irrigation equipment from Hunter Industries and Rain Bird Corporation, for example. "We're very familiar with that approach to the business," Werning said. "We're in a very enviable position in that we've got two very good brand names in the industry in LESCO and John Deere Landscapes." Respected brand names are important in the fractionated landscape-contracting industry, in which two of the largest customer segments are installers and maintainers.

John Deere Landscapes' core customers are the installers. They create the landscapes — they put irrigation systems in the ground, plant trees and flowers, add hardscape, and install drainage. LESCO's core customers are the maintainers — they keep things alive and growing by mowing, fertilizing, seeding, and applying chemicals. "We have now broadened our customer base significantly by gaining the maintainers through LESCO," said Werning.

Acquiring LESCO gives Deere access to a customer base that ranges from the small contractors who use other brands of commercial mowing equipment, typically aren't listed in the local yellow pages, and have no signs on their pickup trucks, up to the very large companies like Valley Crest Companies, TruGreen, and Brickman. Each segment requires a different marketing strategy, but all segments represent opportunity. One of the things John Deere Landscapes gains by the acquisition of LESCO is very valuable customer information, Werning said. "That now allows us on the commercial mowing side to pursue the maintainer customers in concert with our John Deere dealers."

Gregg Breningmeyer, Director, Commercial Segment Marketing and Golf & Turf Sales, also sees extraordinary opportunity for the commercial side of the business. "Most of the buyers of our commercial equipment are the traditional John Deere customers — the large property owners as opposed to

The 11 regions that currently make up the John Deere Landscapes organization will increase to accommodate the additional 300-plus LESCO store locations.

commercial users. Of the roughly 350,000 professional landscape contractors in the United States, we command only a small market share," said Breningmeyer. "There's a huge opportunity for us to capture that customer segment," he said. That's especially true because it's a relationship and trust business, with customers more dependent on relationships with dealers and trust in the company's ability to support them after the sale than they are on specific products.

Even more valuable than the customer information Deere got when it acquired LESCO, then, were the customer relationships. "LESCO today has ongoing almost weekly or biweekly relationships with about half of the country's 350,000 professional landscape contractors," Breningmeyer said.

Deere now has the immediate opportunity to go after these customers through the company's more than 600 locations, plus Deere's dealer organization and their locations.

Location matters. Professional landscape contractors are heavily concentrated in the top 100 metropolitan areas. "That's why the opportunity is so terrific on the commercial side for John Deere Landscapes," Breningmeyer said. With the current portfolio of products and services, John Deere Landscapes can be the single source for virtually all of a commercial customer's needs, with the exception of labor and trucks. "The customer has the opportunity to much more effectively leverage his annual spending, Breningmeyer said. "That will be the enticement to bring them in."

The challenge, he said, will be executing the support side of the business.

The opportunities for the golf and turf side of the business are similar. "Our portfolio of goods and services is broader than our competitors can provide," said Breningmeyer. "Once we get his attention, we can provide a customer with a unique value proposition, because no one else can provide it."

For example, LESCO has a service appreciated by golf-course superintendents: Stores on Wheels. It's made up of 111 traveling stores that average a visit every other week to some 16,000 golf courses across the United States. The stores provide many of the consumable items that golf courses use every day, but the visits also provide something else: advanced marketing intelligence and timely information about what's going on at every golf course in the United States.

Both the commercial business and the golf business are heavily dependent on strong relationships, and that's the secret to John Deere Landscapes' growth — paying attention to relationships. Adding LESCO adds more relationships.

"We're extremely excited about this opportunity, and we feel like we have one chance to do it right, so we're trying to move as quickly as we can, but at the same time make sure that we're covering all the details," Breningmeyer said.

ECONOMIC LANDSCAPE IS PART OF THE BUSINESS, TOO

John Deere Landscapes has been growing at a 13-percent compounded annual growth rate, far exceeding industry growth, said Dave Werning, President, John Deere Landscapes. Maintaining a heady growth rate will require increasing sales through a continued emphasis on innovation — and economic growth.

John Deere Landscapes' primary market includes professional landscape contractors, so business activity is affected by the general economy, housing starts, and weather.

Lifestyle trends are important, too, and John Deere Landscapes stays closely connected to its customers when deciding what to sell. People want to enjoy the outdoors more, and John Deere Landscapes can help them do that, Werning said.

THE ONLY EXCLUSIVE: DOING BUSINESS BETTER

John Deere Landscapes doesn't have the benefit of a unique and exclusive product to sell. "Our products can be sold by anybody," said Dave Werning, Senior Vice President, Customer Segment, and President, John Deere Landscapes. That means the company has to count on offering business solutions to add value and make the difference for its customers.

While John Deere Landscapes has all the basics of being a distributor — knowledgeable people, inventory on hand, and reasonable pricing — Werning said one of the things that sets the business apart in the market is the business relationship building it does through its Partners Program. The program is aimed at helping customers become more efficient and reduce their costs. Take the cell-phone program, for instance. Because John Deere Landscapes uses cell phones a lot in its business, the Company negotiated a reduced-price contract for John Deere Landscapes and its customers.

ORIGINS

Like all of John Deere's machines, the J-Series Backhoe Loader is a brainy machine that might be called a landtop computer. Among its specs:

- Microprocessors: 13
- Bus capacity: 1,000 messages/second
- Sensors: 40
- Lines of code: 650,000
- Diagnostic messages: 400
- Ignition: Code-secured (optional)
- Joysticks: 3

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